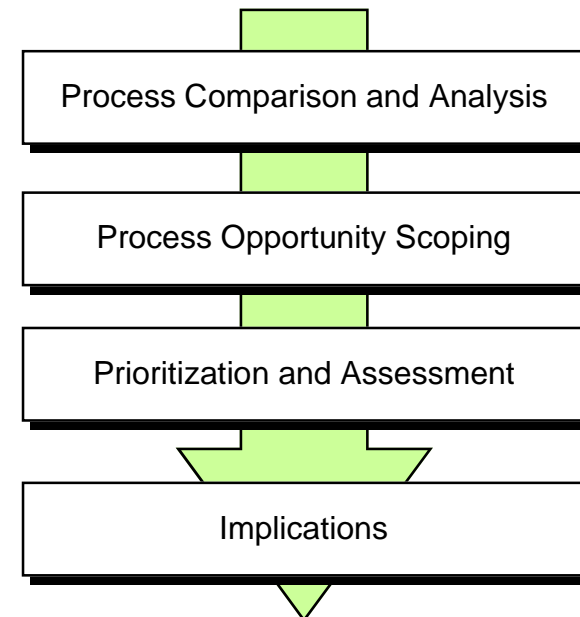




Analysis Framework

When examining impacts on information systems, a necessary step is the analysis of the State's core administrative processes, as shown below.

- Given the existing processes, how well are they performed? How do they compare to best practices? Which processes are inefficient or broken?
- Given the current challenges, what are the opportunities for improvement? What is the level of urgency? How widespread are the opportunities? What are the barriers to success? What are the gains to be achieved?
- Given the possible solutions, how should the state's actions be prioritized? What is the overall assessment of the state's core processes?
- Given the changes suggested, what are the implications of these changes on the state, the supporting infrastructure, systems and people?

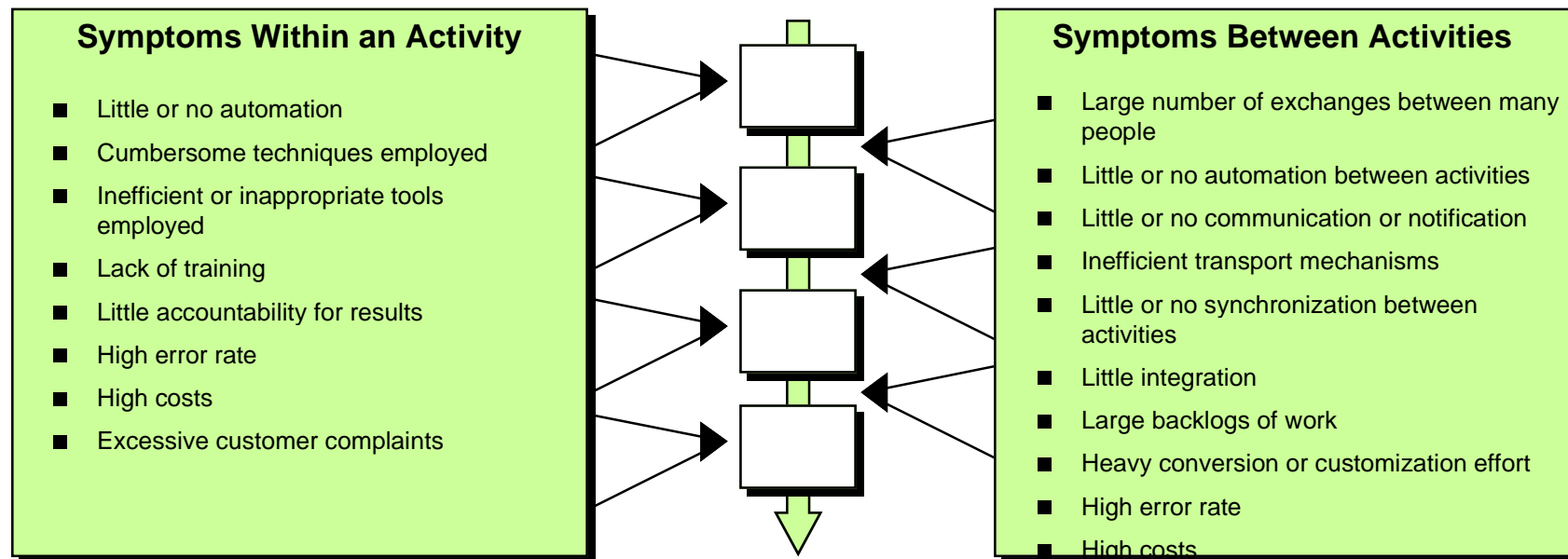


The identification of opportunities enables the State to improve and reform existing practices. These efforts will likely create information system demands that exceed the capabilities of current systems.



Process Analysis

By examining existing process challenges, the State can identify possible opportunities. In our experience, there are several indicators and characteristics which signal inefficient or broken processes.



Improving problem processes creates value for the State, such as higher quality services, reduced costs, cost avoidance, greater revenues and greater resource efficiencies.



Current Practices

Existing practices can be characterized in terms of performance, scale, urgency and opportunity. An overview of current financial processes is as follows:

<div> <div>○ Low</div> <div>◐ Average</div> <div>● High</div> </div> <div><u>Legend</u></div>	Performance	Scale	Urgency	Opportunity
	To what degree is this process broken?	To what degree is this process present across all agencies?	What is the level of urgency in resolving existing challenges?	What is the size of the opportunity within this process?
Accounts Payable	○	●	◐	●
Accounts Receivable	◐	●	●	●
Grants	●	●	○	◐
Budgeting and Forecasting	●	●	●	●
Cost Accounting	●	○	◐	●
Fixed Asset Accounting	●	●	○	◐
General Accounting	○	●	○	○
Payroll and Benefits	○	●	○	○
Reporting and Analysis	●	●	●	●
Strategic Planning and Support	●	○	●	●
Travel & Expenses	○	●	○	○
Treasury Management	◐	○	○	○



Current Practices (cont'd)

A similar assessment of process scope and opportunity scope can be seen for human resource and asset management processes.

<div> <div>○ Low</div> <div>◐ Average</div> <div>● High</div> </div> <div><u>Legend</u></div>	Performance	Scale	Urgency	Opportunity
	To what degree is this process broken?	To what degree is this process present across all agencies?	What is the level of urgency in resolving existing challenges?	What is the size of the opportunity within this process?
Organization Design and Development	◐	●	○	○
Staffing	◐	●	●	●
Training and Development	●	●	●	●
Performance Management	●	●	●	●
Compensation and Benefits	●	●	●	●
Employee Relations	◐	●	○	○
Procurement	●	●	◐	●
Fixed Assets and Materials Management	●	●	◐	●
Warehousing	○	○	○	○
Operations	○	●	○	○



Process Improvement

Significant opportunities for process improvement within the State include:

■ Financial Process Improvement Opportunities

- Integrate Accounts Payable, Procurement and Asset Management Processes
- Develop Improved Operational System Interfaces
- Centralize Accounts Receivables Processing
- Centralize Grants Processing
- Reengineer Budget Process
- Develop Costing Strategy and Tools
- Extend PAMS functionality
- Develop Improved Benefits System Interface
- Develop Electronic Time-sheet Entry
- Determine Customer Reporting Requirements
- Develop Statewide Strategy

■ Human Resource Process Improvement Opportunities

- Develop Specialty HR Services
- Develop and Implement HR Planning Strategy
- Develop and Implement Employee Development Strategy
- Develop Training Curriculum
- Develop Training Tracking Mechanism
- Develop and Implement Performance Management Strategy
- Develop Leadership Management Strategy
- Develop and Implement Compensation Strategy

■ Asset Management Process Improvement Opportunities

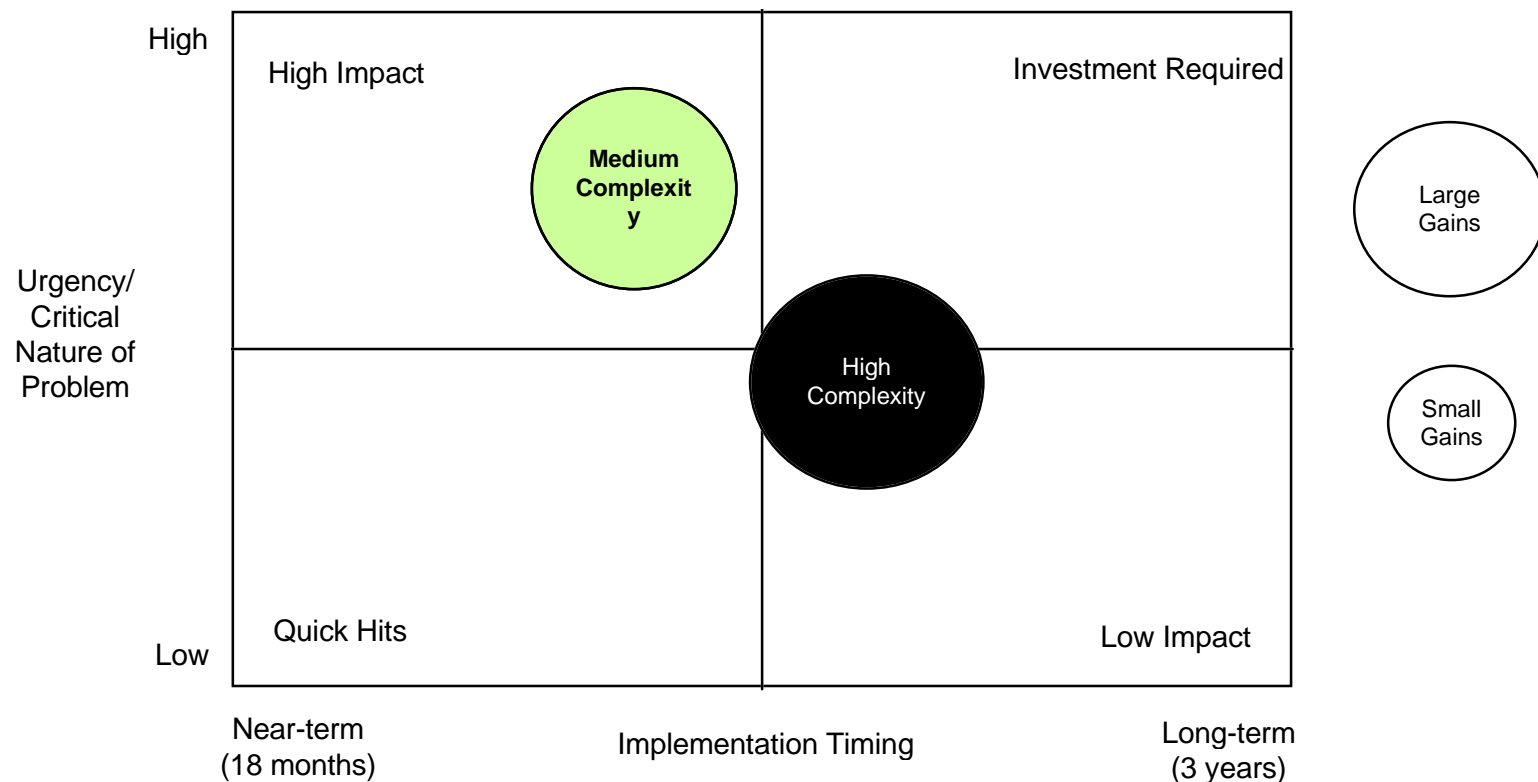
- Reengineer Accounts Payable, Procurement and Asset Management Processes
- Outsource Warehousing
- Outsource Facilities and Equipment Maintenance

The next pages depict the characteristics of these opportunities.



Opportunity Characteristics

This bubble chart is used to characterize opportunities for improvement. We use it to examine opportunities in the Financial, Human Resource and Asset Management areas.



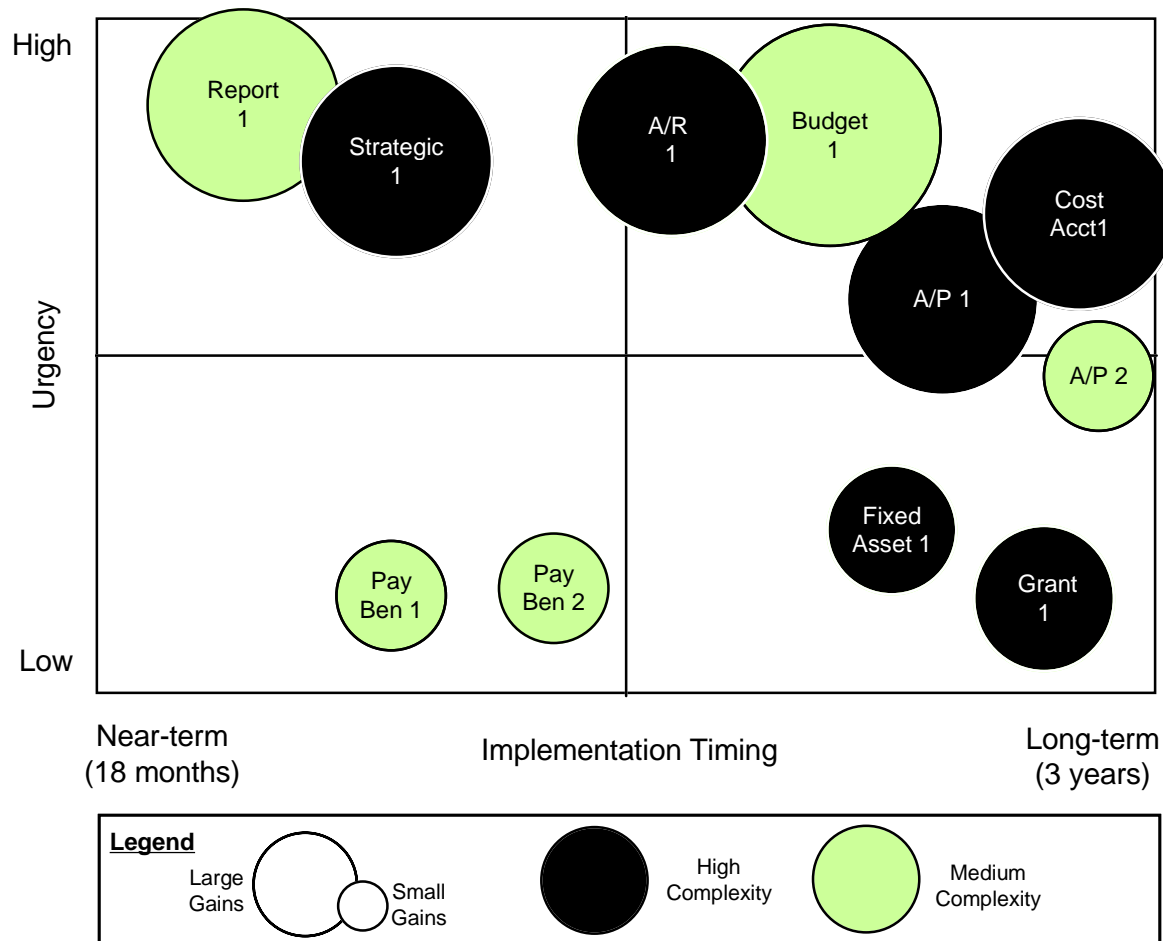
Areas of greatest concern lie in the top left and right quadrants.



Financial Process Opportunities

Financial Process Improvement Opportunities

A/P1	Integrate Accounts Payable, Procurement and Asset Management Processes
A/P2 System	Develop Improved Operational Interfaces
A/R1	Centralize Accounts Receivables Processing
Grant1	Centralize Grants Processing
Budget1	Reengineer Budget Process
Cost Acct1	Develop Costing Strategy and Tools
Fixed Asset1	Extend PAMS functionality
Pay Ben1	Develop Improved Benefits System Interface
Pay Ben2	Develop Electronic Time-sheet Entry
Report1	Determine Customer Reporting Requirements
Strategic1	Develop Statewide Strategy



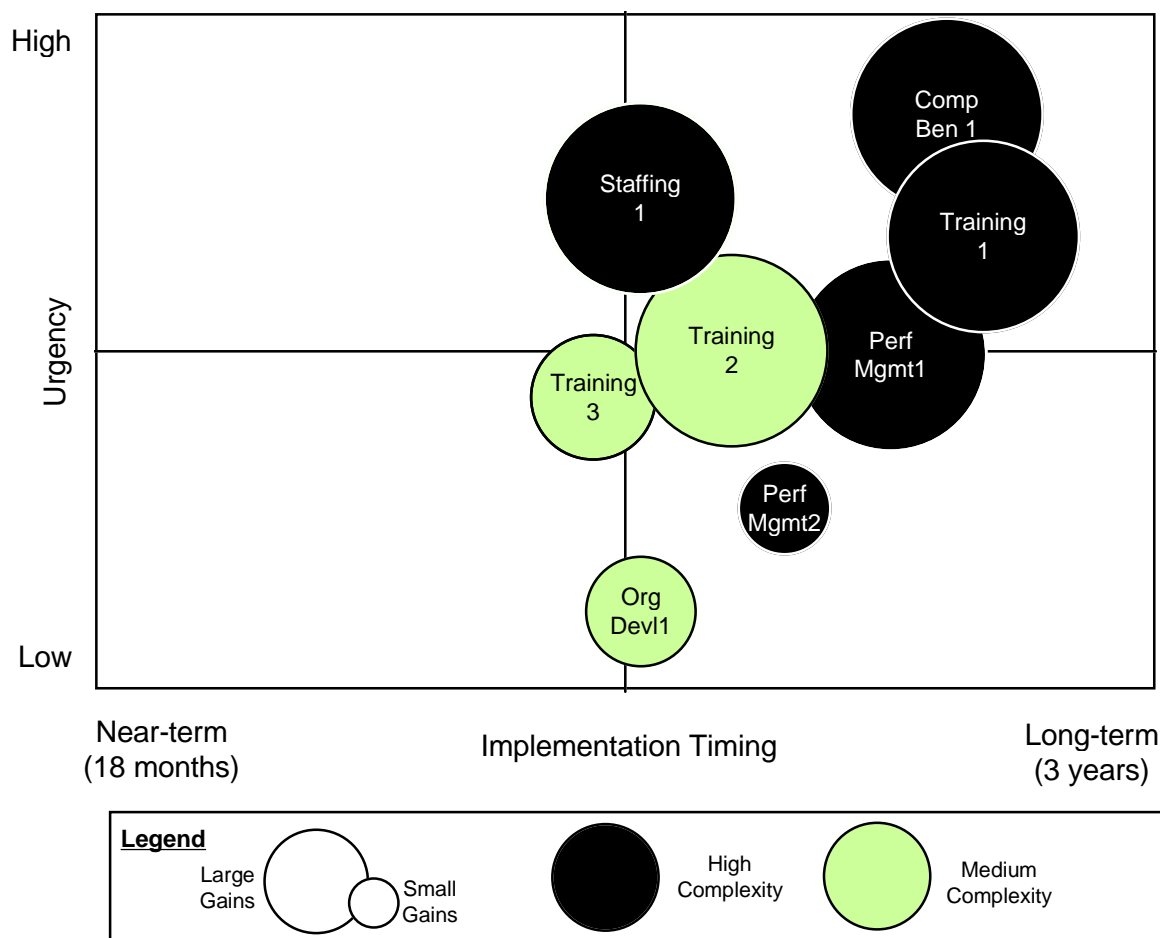
A mix of strategic planning and enhanced reporting capabilities form the key opportunities within the Financial area.



Human Resource Opportunities

Human Resource Process Improvement Opportunities

Org Dev1	Develop Specialty HR Services
Staffing1	Develop and Implement HR Planning Strategy
Training1	Develop and Implement Employee Development Strategy
Training2	Develop Training Curriculum
Training3	Develop Training Tracking Mechanism
Perf Mgmt1	Develop and Implement Performance Management Strategy
Perf Mgmt2	Develop Leadership Management Strategy
Comp Ben1	Develop and Implement Compensation Strategy



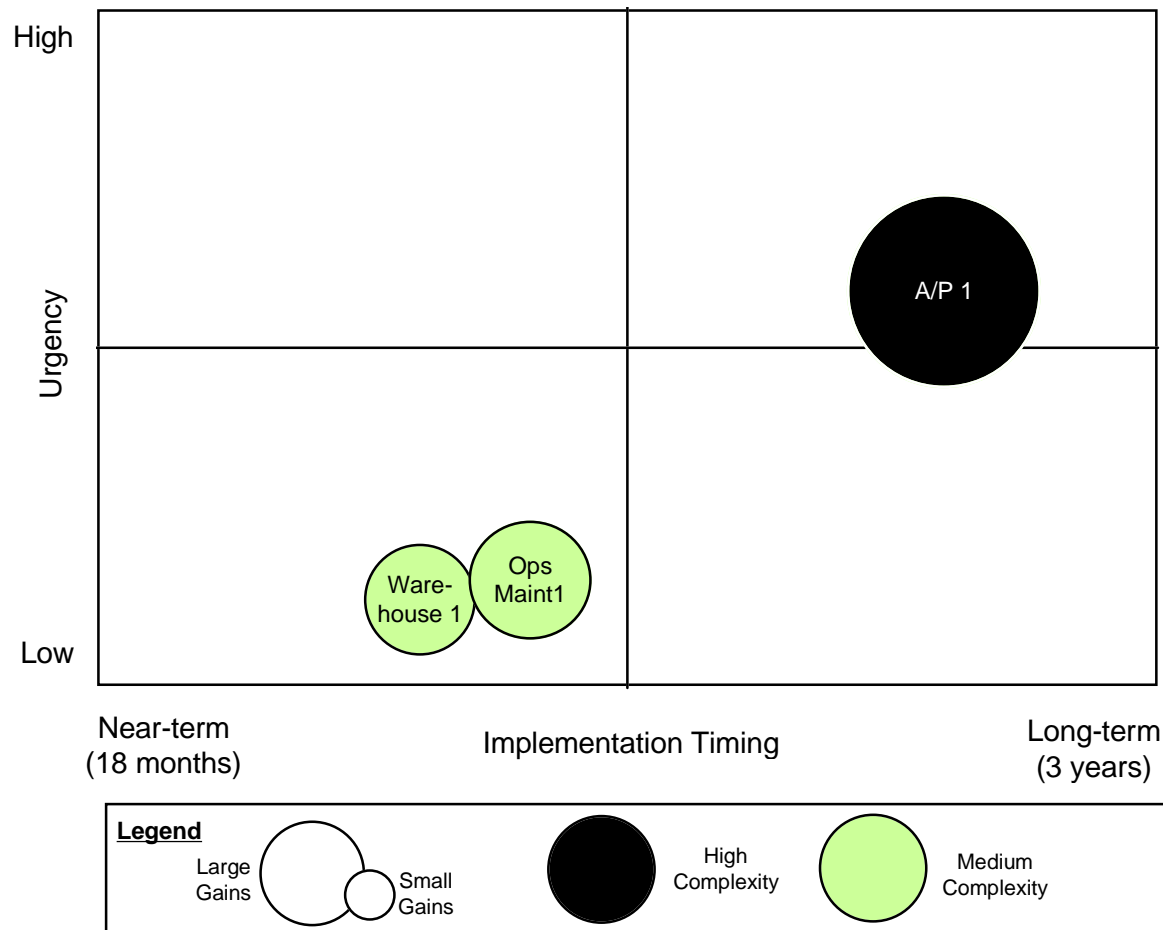
The State has opportunities to improve Human Resources processes on an enterprise-wide strategic level and individual employee level.



Asset Management Opportunities

Asset Management Process Improvement Opportunities

A/P1	Reengineer Accounts Payable, Procurement and Asset Management Processes
Warehouse1	Outsource Warehousing
Ops Maint1	Outsource Facilities and Maintenance

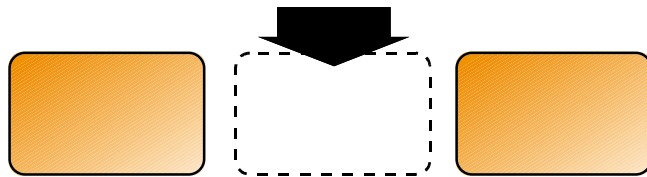


The potential to integrate A/P, Procurement and Asset Management processes is significant, but complicated by the number of organizations and functions involved.



Key Opportunities

The opportunities facing the State are complex and will require investment. This is typically due to the cross-agency nature of the opportunities and the need for active participation from multiple agencies.



■ Key opportunities that address processes not performed:

- Produce Strategic Analysis of State Capabilities
- Develop State-wide Strategy for Future
- Develop Costing Methodology
- Develop HR Planning Framework
- Develop Employee Development Framework
- Develop Performance Management Strategy
- Develop Compensation Strategy



■ Key opportunities that substantially improve existing practices:

- Integrate Accounts Payable, Procurement and Asset Management Processes
- Centralize Accounts Receivables Processing
- Reengineer Budget Process
- Determine Customer Reporting Requirements

The State has done a good job addressing short-term challenges. This is evidenced by the nature of the key opportunities before the State: higher value services and high-complexity systems renewal.



Process Assessment

Key findings resulting from the analysis of existing core administrative processes:

- The State has done a good job ensuring mission critical and short-term processes are performed well. This reactive position has ensured the continued delivery of State services.
- However, future-oriented processes such as enterprise planning are not well supported. These high value, proactive processes will ensure the State's ability to continue to meet its service commitments.
- Addressing these proactive, enterprise-wide processes will be very challenging:
 - They require significant involvement across agencies, which have traditionally been more autonomous.
 - Funding structures and constraints serve to inhibit cooperation between agencies.
 - Responsibility structures in place discourage risk sharing and multi-agency resource commitments. Other factors which contribute to this are:
 - ⇒ A restrictive legislative framework
 - ⇒ Traditional management models
 - ⇒ Hierarchical computer systems

For future process improvement, the State will need to look to greater interaction between agencies, greater integration of efforts and information, and an enterprise-wide outlook.



Key Implications

In general, future processes will likely exhibit the following characteristics:

- More integrated data, both between agencies and between operational and administrative areas
- Pervasive online access to information
- Improved information tools and improved reports for both administrative and managerial purposes
- Enterprise-wide efficiencies in data entry (single point data entry)
- Advanced personnel development, training and career planning
- Enterprise-wide efficiencies in resource allocation, such as personnel sharing, resource sharing, and infrastructure sharing
- Improved technology infrastructure to support new services and delivery mechanisms

Many of these implications are aligned with the information management principles which govern this project.